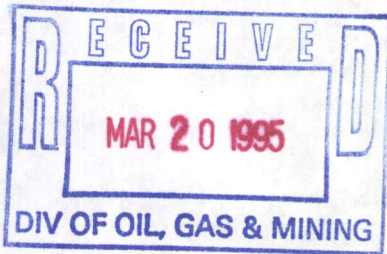


M/027/007



JUMBO MINING COMPANY

6305 Fern Spring Cove
Austin, Texas 78730
512-346-4537 (Ph.)
512-346-3188 (Fax)

DOGM
MINERALS PROGRAM
FILE COPY

March 17, 1995
File: BLMU3175

Mr. Rex Rowley
Area Manager
Bureau of Land Management
House Range Resource Area
35 East 500 North
P.O. Box 778
Fillmore, Utah 84631

REGISTERED MAIL

Dear Mr. Rowley:

Re: Your letter dated March 10, 1995

In response to subject letter, please be advised that we herewith notify you that we object most strenuously to numerous misrepresentations and misstatements in subject letter, and unless this matter can be resolved with the local staff within 30 days, we will appeal to the Utah State Director with all required information as you have specified. We can only characterize this letter as 'shotgun blast' of inaccurate allegations, and must inquire as to what has caused this witch hunt. Considering the circumstances, it certainly is not in line with the Policy and Objectives as stated in paragraph 3809.0-2 Objectives, since this letter seems specifically aimed at 'unduly hindering mining activities', rather than conforming to the opposite mandate, contained in the referenced paragraph.

In case your review of the files failed to reveal it, since it took over the property from the prior owners, Jumbo Mining Company has faithfully abided by all rules and regulations of the State of Utah and the BLM, has never to its knowledge created any environmental hazard, and has used its available resources to clean up and rectify various problems left behind by Western States Minerals Corp. Jumbo has never previously been cited by any authority for any non compliance to any rule or regulation in the State of Utah, and, where appropriate, has effectively complied with all previous "suggestions" by the BLM and others. No specific evidence to the contrary is cited in your letter, or others, to our

knowledge. We invite you at this time to provide any such specifics as might exist.

Let me say further, that the tone and content of your letter is completely at variance from any verbal or written communications we have had with the BLM personnel who have inspected the property regularly for the past ten years, as well as during the past few weeks.

ITEM 1: Waste drums: At no time was there ever any verbal indication that the 157 drums on the property might pose any threat at all, much less 'an imminent threat' to human health, or to the environment. As a matter of fact, most all of these drums are empty and have been well rinsed, and the local BLM personnel were so advised of this fact. Since inception, the mine has had a permit for burial of camp garbage and refuse, including the burial of empty and rinsed, crushed drums. The BLM has been aware of this burial permit and practice for the past 10 years, and has never previously objected. During the period of time when the mine was in operation by Jumbo various MSHA inspectors observed and approved the washing of the drum by Jumbo operators. Evidence of such should be contained in the MSHA records of inspection visits.

The approximately 18 full drums of cyanide are sealed, in good condition, and safely stored on top of a plastic liner, whereby if any accidental spillage did occur, the spillage would drain into the barren solution pond. This pond was designed and built to hold cyanide solutions, and was tested and shown to be leak free within the last three years. Dave Hartshorn, the resident manager, has been trained and certified in the handling and use of cyanide, and has given cyanide training to each of the watchmen who have been employed on the property, even though they do not handle this material.

With respect to 'speculative accumulation', you have failed to provide a copy of the pertinent section of 40 CRF 261, and I would appreciate it if you would do so, if you wish to pursue this allegation. In absence of the specific regulation referenced, all we can say at this time is that the property is fenced (secured) and under the custody of a 24 hour security guard at all times. You are aware that we have several hundred thousand dollars of equipment, reagents, and machinery at this location, and have every intention of starting up the property when the current lawsuit has been settled, or sooner, if suitable financing is arranged. Meanwhile, we are actively pursuing a permit with the Utah DWQ for a new heap, new water rights and the relevant BLM right of way renewal, as well as conducting exploration activities to increase identified ore reserves. It is possible that all of these matters could be resolved, and construction and operations started within a few months. Under the circumstances, neither these drums of new and unused cyanide, nor other useable reagents can rationally be classified as 'hazardous waste'.

ITEM 2: The 25 lead storage batteries will be properly disposed of in the near future. The large truck tires left behind by Western require heavy equipment for movement, and this is not currently available at the site. As we understand that there are a number of uses for these tires as watering vessels, etc., and they pose no threat to the environment, we have not felt any urgency to remove them. In the event that a use could not be found for them on the property during future operations, it had been our plan to dispose of them during the final clean up and reclamation of the property, when heavy equipment would be readily available.

ITEM 3: Soil stains are limited, so far as we know, to white calcium oxide, which has reverted to calcium carbonate (limestone) by interaction with the carbon dioxide from the surrounding air, and diesel and lubricating oil spills, left behind by the Western States operation of a fleet of trucks. Chemically, the resulting calcium carbonate (limestone) is no different than that contained in a major portion of the surrounding hills, and can not be considered to be a hazard. The minor areas of oil spills are generally considered to be of minimal hazard (particularly where there is no known ground water nearby), and in any event are known to be biodegradable in these desert soils. We know of no other spill, and invite specific details in contrast to the 'shot gun' approach which is obvious throughout the referenced letter.

ITEM 4: Hundreds of open ore sample bags are stored at the property as permanent records of exploration drilling. Periodically these are referenced for geological and check assay purposes. The contents are no different than the surrounding country rock, and pose no environmental hazard. As this should have been obvious to the BLM inspectors, why was this issue even raised?

ITEM 5: Two transformers are alleged to contain PCB's. We will submit a report by a qualified electrician that these are air cooled units and thus can not contain any PCB's.

ITEM 6: Storage tanks....we are not aware of any tanks that are in current use that are leaking, and dispute the allegations contained in this paragraph of your letter. The underground storage tanks are being removed in accordance with all current regulations.

We believe that we have taken all required steps with respect to the use and removal of underground storage tanks, and have appropriate certificates for the inspections and disposal of materials from all of these tanks. In this connection, we invite you to inspect the files of the Central Utah District Health Department for test records while the tanks were in operation. The tanks have been dug up and emptied, and are now awaiting heavy equipment to pull them out of their

holes. All required inspections and certificates are in order, and were available to the BLM inspectors for the asking.

ITEM 7: The inference in your letter is that you are unaware that it was Jumbo, not the Utah DWQ, that discovered the possible leakage from heaps operated by Western and that it was Jumbo reported this to the Utah DWQ, not the other way around. The presence of any water which fits the definition of 'ground water' in the State of Utah has yet to be established in the area. Further, Jumbo believes that it has no legal responsibility for any previous permit violations (such as leakage) by Western, or the reclamation of certain areas within the site that it has never disturbed. Despite this, as a good corporate citizen, Jumbo has spent a considerable sum of money locating and characterizing the leakage, all of which was duly reported to the Utah DWQ. Considering the remote location, the biodegradability of traces of cyanide in desert soils, and the lack of any identified ground water in the area, we believe that there is no known hazard to the environment in connection with this small perched water table.

ITEM 8: Contrary to the allegations, we believe that all of the reagents in the laboratory are properly labeled and stored. This lab is still in use from time to time for various chemical analyses, and no reagents have outlived their usefulness.

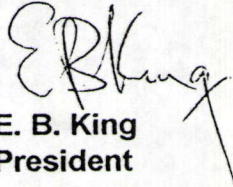
ITEM 9: Explosives magazine: Contrary to the implication of Item 9, we believe that none of the stored explosive material is approaching any dangerous age. We will, however, review this subject with the manufacturer's agents and will provide further specific information to the BLM as to all contained explosives.

Addressing the various 'immediate corrective actions' which you request, we have the following:

1) Under the circumstances, whereby these drums are located within a fenced compound, supervised by a 24 hour per day watchman, and located approximately 20 miles distant from the nearest human habitation, we do not believe it to be appropriate or reasonable to immediately contract with an outside party, as you have directed. It is our contention that the facts will clearly establish that there is no 'IMMINENT THREAT TO HUMAN HEALTH AND THE ENVIRONMENT' that would require such imprudent response. In any event, you require response actions to be approved by you, prior to starting, and to this end we must review the facts with your representatives. Within the next few days we will provide a detailed inventory and description of each of the 157 (mostly empty and washed) drums, and will invite your inspectors to determine with us, which if any, of these drums require further remediation action, and what that action should be, including on site burials.

2)....9) It is hoped that these items can also be crossed off the list by your further consideration of information provided in this response and your next inspection of the property.

Very truly yours,


E. B. King
President

cc: DH

cc: DWHedberg, DOGM
Mark Novak, DEQ
Jason Knowlton, DERR
Doug Taylor, DS&HW
Roger Foisey, DEQ, Central District
Jerry Regan, Millard County Planning and Zoning

Fax Copy: BLM, Filmore 801-743-5112

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